



# **ARIZONA DEPARTMENT OF REVENUE**

## **MEMORANDUM**

**DATE:** April 2, 2004

**FROM:** THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

### ***JANUARY 2004 TAX FACTS***

#### **SUMMARY OF GENERAL FUND REVENUES**

	<u>January 2004</u>	<u>Fiscal Year Total</u>
<b>Individual Income Tax</b>		
Net Collections	\$236,642,897	\$1,261,135,100
Percent Change	2.6%	4.3%
<b>Corporate Income Tax</b>		
Net Collections	\$18,047,254	\$258,342,228
Percent Change	41.7%	56.9%
<b>Transaction Privilege, Severance &amp; Use Taxes</b>		
Net Collections	\$313,990,713	\$1,908,430,448
Change	5.9%	7.3%
<b>Total Big Three Tax Types</b>		
Net Collections	\$568,680,864	\$3,427,907,776
Percent Change	5.3%	8.7%

January was the first month that the department used a new computer system to process transaction privilege tax and withholding. Some of the reports necessary to provide Tax Facts information are still under development. Those sections have been pulled from this report. Once the information is available, it will be sent out.

We apologize for any inconvenience this may cause.



# TAX FACTS

January 2004

## INDIVIDUAL INCOME TAX

### Individual Income Tax Receipts

	January 2004	January 2003	% Change
Gross Collections	\$79,187,113	\$73,610,601	7.6
Withholding	204,879,796	208,974,170	(2.0)
Refunds	(17,001,915)	(16,024,445)	6.1
Urban Revenue Sharing	(30,422,097)	(35,879,921)	(15.2)
<b>Net Collections</b>	<b>\$236,642,897</b>	<b>\$230,680,405</b>	<b>2.6</b>

  

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$260,081,604	\$238,664,611	9.0
Withholding	1,328,734,477	1,340,358,532	(0.9)
Refunds	(114,726,305)	(118,645,611)	(3.3)
Urban Revenue Sharing	(212,954,676)	(251,159,447)	(15.2)
<b>Net Collections</b>	<b>\$1,261,135,100</b>	<b>\$1,209,218,085</b>	<b>4.3</b>

Included in the refund amounts above are refunds relating to the alternative fuel vehicle income tax credit. In January 2004 the department did not issue any refunds for alternative fuel related credits.

### Individual Income Tax Document Count

In calendar year 2003, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	44,149	1,546,452	84,078	99,313	12	43,604	287,618	13,546	190,019	2,632	24	2,311,447
%	1.9	66.9	3.6	4.3	0.0	1.9	12.4	0.6	8.2	0.1	0.0	

In calendar year 2004 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	824	19,646	421	364	0	174	9,154	1,353	1,915	16	39	33,906
%	2.4	57.9	1.2	1.1	0.0	0.5	27.0	4.0	5.6	0.0	0.1	

The 33,906 returns, representing current and prior tax years, filed through January 2004 compares to 32,115 returns filed during the same period of time in 2003 for an annual increase of 5.6%. For tax year 2003 filed in 2004, 25,767 returns have been filed, a 1.0% decrease over filings in January 2003 for tax year 2002.

### Year-Over-Year Comparison of Resident Taxpayers

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 46,174 returns in calendar year 2004 for tax year 2003 from filers who also have returns on record from calendar year 2003 with the same marital status. On average, these filers experienced a 5.1% increase in FAGI and a 6.8% increase in tax liability. More specifically, 27.6% of these filers experienced a decrease in tax liability; on average a decrease of 28.6% with a corresponding average decrease in FAGI of 13.2%. Filers with an increase in tax liability totaled 21,177 or 45.9% with an average FAGI increase of 17.8% and an average tax liability increase of 33.9%.

## **Average Individual Income Tax Refund**

	Average	Number
2004 CYTD	\$344.14	75,705
2003 CYTD	\$402.50	54,002
% Change	(14.5%)	40.2%

## **"New" Filers in Calendar Year 2003**

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2004. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 7,890 "new" returns have been filed thus far in 2004, representing approximately 9,098 persons, not including dependents. The average Federal Adjusted Gross Income for these 7,890 returns is \$14,273, with an average tax liability of \$97. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 15.2% had a married filing joint filing status, 1.2% claimed a 65 and Over Exemption and 71.7% claimed dependents.

## **Individual Income Tax Estimated Payments**

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES for tax year 2002 was \$295.4 million, for an average of \$1,534. An additional \$75.0 million in estimated payments came from 2001 tax returns that applied their refunds as a 2002 estimated payment, for an average of \$1,685. Estimated payments received through January 2004 for tax year 2003 were as follows:

1/04	140ES payment	\$114,616,444	Cumulative	\$286,824,046
1/03	140ES payment	\$38,255,812	Cumulative	\$225,443,301
	Percent change	199.6%		27.2%
1/04	Average payment	\$2,675	Cumulative	\$1,636
1/03	Average payment	\$3,722	Cumulative	\$1,476
	Percent change	(28.1%)		10.8%
1/04	Applied refund	\$418,992	Cumulative	\$72,875,528
1/03	Applied refund	\$606,550	Cumulative	\$73,203,233
	Percent change	(30.9%)		(0.4%)
Total 1/04		\$115,035,436	Cumulative	\$359,699,574
Total 1/03		\$38,862,362	Cumulative	\$298,646,535
	Percent change	196.0%		20.4%

## **Withholding**

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2001 through March 2003, \$544,701,458 was received for the first quarter of 2002. The latest complete quarter (15 months of information has been compiled) is the fourth quarter of 2002, which shows a decrease of 1.6% in withholding payments over the fourth quarter of 2001.

Information is still being gathered for the quarters below. Unfortunately, the data needed to update the table was not available prior to printing.

1 <sup>st</sup> Quarter 2003	4 <sup>th</sup> Quarter 2003
2 <sup>nd</sup> Quarter 2003	1 <sup>st</sup> Quarter 2004
3 <sup>rd</sup> Quarter 2003	

Current choices for withholding are 0%, 10%, 18%, 21%, 23%, 29% or 34% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

### **Property Tax Credits**

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	Average
Calendar Year 2004	699	\$282,333	\$403.91
Calendar Year 2003	N/A	N/A	N/A
% Change	N/A	N/A	N/A

### **Clean Elections**

As a result of the November 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2003:

	January 2004	Calendar Year Total
Check Off	\$13,632	\$13,632
Voluntary Donation	\$2,198	\$2,198
Number of Returns	2,198	2,198

### **Contributions on the Individual Income Tax Return**

Through January 2004, individual income tax return filers have made the following contributions:

	Number	Amount	Average
Wildlife	20	\$201	\$10.05
Child Abuse	36	\$537	\$14.92
Special Olympics	11	\$2,714	\$246.73
Neighbors Helping	8	\$113	\$14.13
AID to Education	5	\$151	\$30.20
Domestic Violence Shelter	18	\$245	\$13.61
Democratic Party	2	\$15	\$7.50
Republican Party	3	\$60	\$20.00
Libertarian Party	0	\$0	\$0.00

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## **CORPORATE INCOME TAX**

### **Corporate Income Tax Receipts**

	January 2004	January 2003	% Change
Gross Collections	\$20,205,126	\$21,054,501	(4.0)
Refunds	(2,157,873)	(8,321,051)	(74.1)
<b>Net Collections</b>	<b>\$18,047,254</b>	<b>\$12,733,450</b>	<b>41.7</b>

  

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$338,933,290	\$246,689,041	37.4
Refunds	(80,591,062)	(81,987,488)	(1.7)
<b>Net Collections</b>	<b>\$258,342,228</b>	<b>\$164,701,553</b>	<b>56.9</b>

### **Corporate Estimated Payments**

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

January 2004	\$15,712,690	Calendar Year Total	\$15,712,690
January 2003	\$14,731,905	Calendar Year Total	\$14,731,905

% Change

6.7%

% Change

6.7%

All corporations with an income tax liability of \$20,000 or greater are required to make their estimated tax payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment, for January 2004 and for the fiscal year.

Size of Payment →	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,000 and more	Total	% chg
January 2004	137	14	14	2	4	0	171	21.3
January 2003	111	13	10	2	5	0	141	
CY 2004	137	14	14	2	4	0	171	21.3
CY 2003	111	13	10	2	5	0	141	

### **Corporate Refunds**

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 2002/03 by corporate fiscal year. For example, in FY 2002/03, 7.0% of the refund dollars paid were for corporate fiscal years ending in 1998 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	98 & Prior	99	00	01	02	03
FY 2002/03	7.0%	6.0%	7.4%	66.3%	13.1%	0.2%
Corporate Fiscal Year-End:	99 & Prior	00	01	02	03	04
FY 2003/04	11.0%	2.9%	2.6%	79.7%	3.8%	0.0%

The corporate refunds shown above are those refunds for which a check is mailed to the corporation. Sometimes corporations choose to apply their refund as an estimated payment. The following table present information on refunds applied as estimated payments in the most recent month and for the calendar year.

January 2004	\$8,262,500	Calendar Year Total	\$8,262,500
January 2003	\$5,392,710	Calendar Year Total	\$5,392,710
% Change	53.2%	% Change	53.2%

### **Corporate Income Tax Document Count**

#### **NO UPDATE AVAILABLE FOR JANUARY 2004**

The Arizona Department of Revenue received 99,009 corporate returns showing a fiscal year-end of 2001. The type of return received is indicated below:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	330	36,585	50,973	324	10,797
%	0.3	37.0	51.5	0.3	10.9

Through December 2003, 100,794 documents have been received for a fiscal year-end of 2002, distributed as follows:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	289	34,612	54,649	355	10,889
%	0.3	34.3	54.2	0.4	10.8



The figures shown above for the 2002 returns are most meaningful when compared to 2001 returns received during the same period of time in the previous year. Through December 2002, the Arizona Department of Revenue received 99,009 documents with a fiscal year-end of 2001. Compared to 2002 documents, this represents a 1.8% increase in the number of corporate returns received at this point of time in the calendar year.

### **Urban Revenue Sharing Returned to Cities/Towns**

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2003/04 is 14.8% of net proceeds from Fiscal Year 2001/02 income tax. In addition, 15% of the amount of monies transferred from the Budget Stabilization Fund to the tax refund account of the state general fund is also be used for Urban Revenue Sharing. Amounts returned for January 2004 are shown on Table 2, at the end of this report.

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## **TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES**

### **Transaction Privilege, Severance and Use Tax Receipts**

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, the computer aggregates transaction privilege and severance tax collections by category and calculates total distribution base and non-shared portions. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with prop 301 resulting in an additional 0.6% education tax being added to most business classifications. The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

	<b>January 2004</b>	<b>January 2003</b>	<b>% change</b>
Distribution Base	\$134,254,358	\$125,472,768	7.0
Non shared	247,767,467	232,675,119	6.5
Use Tax	19,918,918	20,584,550	(3.2)
Education Tax	47,135,954	43,950,339	7.2
Other Revenues	54,489,102	50,475,990	8.0
<b>Total Collections</b>	<b>\$503,565,799</b>	<b>\$473,158,766</b>	<b>6.4</b>

  

	<b>Fiscal Year 2003/04</b>	<b>Fiscal Year 2002/03</b>	<b>% change</b>
Distribution Base	\$782,030,625	\$736,974,101	6.1
Non shared	1,503,536,486	1,414,515,055	6.3
Use Tax	135,171,600	109,834,830	23.1
Education Tax	283,799,915	263,145,994	7.8
Other Revenues	328,440,396	306,191,738	7.3
<b>Total Collections</b>	<b>\$3,032,979,022</b>	<b>\$2,830,661,719</b>	<b>7.1</b>

### **Distribution of Transaction Privilege, Severance and Use Tax Receipts**

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained By State" figure presented below includes all non-shared

portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The education tax is distributed in accordance with prop 301. "Other" revenues are returned to the administering authority.

	January 2004	January 2003	% change
Retained by State	\$313,990,713	\$296,537,693	5.9
Returned to Counties	54,386,440	50,827,493	7.0
Returned to Cities	33,563,589	31,367,251	7.0
Education Tax	47,135,954	43,950,339	7.2
Other Revenues	54,489,102	50,475,990	8.0
<b>Total Collections</b>	<b>\$503,565,799</b>	<b>\$473,158,766</b>	<b>6.4</b>

	Fiscal Year 2003/04	Fiscal Year 2002/03	% change
Retained by State	\$1,908,430,448	\$1,778,534,720	7.3
Returned to Counties	316,800,606	298,546,683	6.1
Returned to Cities	195,507,656	184,242,584	6.1
Education Tax	283,799,915	263,145,994	7.8
Other Revenues	328,440,396	306,191,738	7.3
<b>Total Collections</b>	<b>\$3,032,979,022</b>	<b>\$2,830,661,719</b>	<b>7.1</b>

### **Transaction Privilege and Severance Tax Collections By Class**

	Tax Rate	January 2004	% Chg	Fiscal Year Total	% Chg
Transporting <sup>1</sup>	5.6%	210,387	(6.0)	2,416,747	N/A
Non-Metal Mining/Oil & Gas	3.125%	\$718,333	20.8	\$5,089,132	(7.9)
Utilities	5.6%	22,820,501	5.8	203,100,085	6.6
Communications	5.6%	11,972,692	(15.0)	81,894,876	(5.6)
Private Car/Pipelines	5.6%	5,463	(80.9)	470,944	57.2
Publishing	5.6%	524,541	(6.4)	3,756,370	(4.4)
Printing	5.6%	1,477,922	8.5	10,494,432	(24.2)
Restaurants/Bars	5.6%	30,674,299	6.3	197,526,385	6.9
Amusements	5.6%	3,206,790	3.4	21,464,464	2.6
Commercial Lease	0%	242	(98.7)	(89,800)	30.0
Rental of Personal Property	5.6%	13,976,054	(4.6)	91,497,551	(5.8)
Contracting	3.75% - 5.6%	59,931,021	10.4	384,825,596	11.7
Feed Wholesale	Repealed	0	N/A	(38)	83.1
Retail	5.6%	228,666,770	8.0	1,230,066,418	6.5
Mining Severance	2.5%	497,545	251.0	2,203,783	268.1
Timber Severance	\$2.13/\$1.51 per 1000 board ft	15,895	N/A	20,901	N/A
Hotel/Motel	5.5%	6,981,573	6.2	48,178,784	6.1
Membership Camping	5.6%	14,320	(15.2)	59,386	10.0
Use/Use Inventory	5.6%	19,918,918	(3.2)	135,171,600	23.1
Rental Occupancy Tax	3.0%	11,769	N/A	73,730	N/A
Jet Fuel Tax	\$.0305/\$.0105 gal	289,048	(22.6)	2,321,215	(19.6)
Telecommunications Devices:	1.1				
Telecom. Fund for the Deaf	----	421,114	(27.9)	3,084,723	(16.1)
School for the Deaf	----	140,371	N/A	693,332	N/A
Poison Control Fund	----	109,827	(49.2)	914,075	(32.8)
911 Wireline/Excise	\$0.37 monthly per activated service	1,237,697	1.7	8,016,641	(11.2)
911 Wireless Service	\$0.37 monthly per activated service	995,517	22.7	6,877,935	22.9
<b>Total</b>		<b>\$404,818,608</b>	<b>6.1</b>	<b>\$2,440,129,267</b>	<b>7.0</b>

<sup>1</sup> The category transporting/towing has been combined with railroads/aircraft and will now be called "Transporting".

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the Department.

### **Transaction Privilege and Severance Tax Taxable Sales By Class<sup>2</sup>**

	<b>January 2004</b>	<b>% Chg</b>	<b>Fiscal Year Total</b>	<b>% Chg</b>
Transporting <sup>3</sup>	\$4,207,736	(6.03)	\$48,334,938	N/A
Non-Metal Mining/Oil & Gas	22,986,669	20.79	162,852,232	(7.91)
Utilities	456,410,029	5.81	4,062,001,696	6.6
Communications	239,453,844	(14.98)	1,637,897,507	(5.56)
Private Car/Pipelines	109,260	(80.92)	9,418,879	57.23
Publishing	10,490,827	(6.37)	75,127,404	(4.39)
Printing	29,558,433	8.47	209,888,643	(24.16)
Restaurants/Bars	613,485,982	6.3	3,950,527,692	6.87
Amusements	64,135,803	3.39	429,287,284	2.64
Commercial Lease	8,061	(99.55)	(6,509,892)	(38.88)
Rental of Personal Property	279,521,071	(4.59)	1,829,951,023	(5.78)
Contracting	1,198,620,423	10.4	7,696,510,820	11.66
Feed Wholesale	0		(8,021)	(83.31)
Retail	4,573,335,393	7.97	24,601,328,369	6.5
Mining Severance	19,901,803	250.97	88,151,322	268.09
Timber Severance	10,369	2348.9	12,343	1421.38
Hotel/Motel	126,937,692	6.25	875,977,889	6.14
Membership Camping	286,390	(15.23)	1,187,728	3.71
Use/Use Inventory	398,241,118	(3.24)	2,700,592,530	23.05
Rental Occupancy Tax	392,301	(115.3)	2,457,663	(610.27)
<b>Total</b>	<b>\$8,038,093,204</b>	<b>6.25</b>	<b>48,374,988,048</b>	<b>7.09</b>

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table are not elements of calculated taxable income and therefore, are not included in the above table. The Use/Use Inventory category shown above does not include jet fuel use tax. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. A comparison can be made of gallons of jet fuel on which Arizona jet fuel tax or jet fuel use tax was paid. In December 2003, 11,938,547 gallons of jet fuel were taxed, a 10.8% decrease from the 13,384,162 reported for December 2002. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

### **Accounting Credit**

Effective to taxable periods beginning from and after July 1, 1995, a credit equal to one percent of the amount of tax due, up to \$10,000 per calendar year, is allowed to businesses for expenses incurred during the accounting and reporting of Transaction Privilege Tax. The amount of accounting credits claimed in January 2004 is not currently available. December 2003 was \$1,227,909 a 10.6% increase from the \$1,110,677 claimed in December 2002. Accounting credits claimed (through December) in FY 2003/04 equals \$8,182,238 a 5.9% increase from the \$7,725,687 claimed during the same period in FY 2002/03.

<sup>2</sup>These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.

<sup>3</sup> The category transporting/towing has been combined with railroads/aircraft and will now be called "Transporting".

### **Taxable Sales by SIC Code Range**

The taxable sales by SIC (Standard Industrial Classification) code range is undergoing a conversion to NAICS codes. The information for January, 2004 is not yet available. Once it is available, it will be sent under separate cover.

### **Transaction Privilege and Severance Tax Returned to Counties**

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for January 2004 is shown in the County Share column.

	<b>Dist. Base Collections</b>	<b>County Share</b>	<b>% of Total</b>	<b>FYTD County Share</b>	<b>% Chg</b>
Apache	\$246,295	\$400,644	0.7	\$2,413,124	5.4
Cochise	2,909,580	1,297,007	2.4	6,178,086	14.2
Coconino	2,179,627	1,021,752	1.9	8,307,475	(1.5)
Gila	797,478	415,767	0.8	2,531,539	5.9
Graham	374,131	242,853	0.4	1,450,292	4.3
Greenlee	463,653	180,011	0.3	1,032,846	0.8
La Paz	304,861	159,401	0.3	918,468	7.1
Maricopa	91,221,118	35,211,920	64.7	203,328,586	6.3
Mohave	3,283,301	1,425,546	2.6	8,696,569	7.4
Navajo	1,683,268	822,262	1.5	5,086,286	1.3
Pima	20,043,434	8,180,694	15.0	47,434,948	4.9
Pinal	2,720,287	1,441,700	2.7	8,440,960	10.9
Santa Cruz	1,004,070	390,058	0.7	2,113,412	8.2
Yavapai	3,914,513	1,779,801	3.3	10,792,833	8.6
Yuma	3,108,741	1,417,024	2.6	8,075,183	7.3
<b>Total</b>	<b>\$134,254,358</b>	<b>\$54,386,440</b>		<b>\$316,800,606</b>	<b>6.1</b>

### **Transaction Privilege and Severance Tax Returned to Cities/Towns**

The portion of transaction privilege and severance tax returned to each incorporated city or town for January 2004 is shown on Table 3, attached to this report.

### **County Tax Collections**

The following county-imposed tax collections were received by the Department of Revenue during January 2004 and returned to the counties. County taxes in all but Coconino County are imposed at 10% of the state transaction privilege tax rate. Coconino's Excise Tax is 10% of the state rate, and its Jail Tax is 6% of the state rate. The stadium tax was imposed at 5% of the state rate. This rate completed its run in December 1997. Collections received now should be for prior periods. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	Road Tax	Excise Tax	Jail Tax	Rental Car Surcharge	Stadium Tax	RV Surcharge	Hospital Tax/Health SVCS Dist	Capitol Projects	Tourism Authority
Apache		\$85,172							
Cochise		\$627,878							
Coconino		\$824,995	\$494,559					\$202,844	
Gila	\$254,469	\$240,236							
Graham		\$107,622							
Greenlee		\$58,960							
La Paz		\$87,334	\$87,334				\$19,448		
Maricopa	\$28,727,921		\$10,357,643	\$394,869	\$0				\$1,272,060
Mohave		\$478,750							
Navajo		\$476,751							
Pima				\$90,955		\$21,607			
Pinal	\$923,371	\$893,382							
Santa Cruz		\$280,502							
Yavapai		\$1,167,359	\$582,761						
Yuma		\$879,055	\$877,569					\$876,281	

## OTHER TAXES

### Luxury Taxes

The following revenues were received from luxury taxes in January 2004. The table compares the receipts to January 2003 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	January 2004	January 2003	% Change
Spirituos	\$2,601,359	\$2,485,117	4.7
Vinous	896,640	965,827	(7.2)
Malt	1,739,443	1,684,216	3.3
Cigarette	25,090,947	12,192,320	105.8
Other Tobacco	697,510	577,528	20.8
Tobacco Licenses	375	275	36.4
<b>Total</b>	<b>\$31,026,275</b>	<b>\$17,905,282</b>	<b>73.3</b>

  

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Spirituos	\$13,579,696	12,813,286	6.0
Vinous	5,925,512	5,469,834	8.3
Malt	12,643,930	12,776,517	(1.0)
Cigarette*	154,952,509	108,058,159	43.4
Other Tobacco	4,527,045	2,626,066	72.4
Tobacco Licenses	2,750	2,525	8.9
<b>Total</b>	<b>\$191,631,443</b>	<b>\$141,746,387</b>	<b>35.2</b>

\*Through January 2004, \$417,300 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

**General Fund revenues from luxury taxes:**

	<u>January 2004</u>	<u>Fiscal Year 2003/04</u>
Spirituos	\$1,820,951	\$9,505,787
Vinous	223,237	1,477,419
Malt	434,861	3,160,982
Cigarette	3,207,392	20,525,906
Other Tobacco	108,114	701,334
Tobacco Licenses	375	2,750
<b>Total</b>	<b>\$5,794,930</b>	<b>\$35,374,179</b>

**Other dedicated revenues from luxury taxes:**

	<u>January 2004</u>	<u>Fiscal Year 2003/04</u>
Correction Fund revenues	\$2,345,505	\$15,259,815
Tobacco Tax & Health Care Fund <sup>4</sup>	\$8,817,490	\$54,028,898
Tobacco Products Tax Fund <sup>5</sup>	\$13,146,424	\$80,956,346
Wine Promotional Fund revenues	\$3,693	\$15,833
Drug Treatment & Education Fund revenues	\$655,925	\$4,290,228
Corrections Revolving Fund revenues	\$262,308	\$1,706,144

**Estate Tax**

	January 2004	\$2,521,651	Fiscal year To Date	\$23,159,717
	January 2003	\$30,706,053	Fiscal year To Date	\$65,641,613
% Change		(91.8%)	% Change	(64.7%)

**Bingo**

	January 2004	\$72,438	Fiscal year To Date	\$371,318
	January 2003	\$76,819	Fiscal year To Date	\$378,969
% Change		(5.7%)	% Change	(2.0%)

**Unclaimed Property**

	January 2004	(\$1,259,686)	Fiscal year To Date	\$29,613,228
	January 2003	\$140,975	Fiscal year To Date	\$25,251,508
% Change		N/A	% Change	17.3%

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS, ARIZONA DEPARTMENT OF REVENUE

<sup>4</sup> Formerly the Health Care Fund

<sup>5</sup> This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

**TABLE 1**  
**"New" Returns Filed in 2004 for Tax Year 2003**  
**Through January 2004**

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarried Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	*	*	*	*	*	*	*	*	*	*
<b>\$0-\$5,000</b>	<b>1,242</b>	<b>15.7%</b>	<b>\$3,111</b>	<b>\$0</b>	<b>5.1%</b>	<b>54.2%</b>	<b>40.2%</b>	<b>0.5%</b>	<b>1.0%</b>	<b>57.1%</b>
\$5,000-\$10,000	2,085	26.4%	\$7,567	\$13	8.0%	45.9%	45.9%	0.2%	1.6%	64.2%
<b>\$10,000-\$15,000</b>	<b>1,659</b>	<b>21.0%</b>	<b>\$12,293</b>	<b>\$32</b>	<b>13.6%</b>	<b>24.9%</b>	<b>61.3%</b>	<b>0.2%</b>	<b>1.1%</b>	<b>80.0%</b>
\$15,000-\$20,000	1,238	15.7%	\$17,383	\$85	18.1%	20.2%	61.0%	0.6%	1.1%	80.3%
<b>\$20,000-\$25,000</b>	<b>735</b>	<b>9.3%</b>	<b>\$22,322</b>	<b>\$163</b>	<b>26.9%</b>	<b>16.8%</b>	<b>56.0%</b>	<b>0.3%</b>	<b>1.1%</b>	<b>81.1%</b>
\$25,000-\$30,000	342	4.3%	\$27,366	\$267	25.4%	19.8%	54.2%	0.6%	1.5%	79.3%
<b>\$30,000-\$40,000</b>	<b>331</b>	<b>4.2%</b>	<b>\$33,789</b>	<b>\$427</b>	<b>32.0%</b>	<b>23.0%</b>	<b>44.1%</b>	<b>0.9%</b>	<b>1.2%</b>	<b>72.5%</b>
\$40,000-\$50,000	122	1.5%	\$43,877	\$684	33.6%	30.3%	36.1%	0.0%	1.6%	69.7%
<b>\$50,000-\$75,000</b>	<b>109</b>	<b>1.4%</b>	<b>\$59,133</b>	<b>\$848</b>	<b>57.8%</b>	<b>15.6%</b>	<b>26.6%</b>	<b>0.0%</b>	<b>0.9%</b>	<b>73.4%</b>
\$75,000-\$100,000	19	0.2%	\$83,264	\$1,672	73.7%	10.5%	15.8%	0.0%	0.0%	68.4%
<b>\$100,000-\$200,000</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
\$200,000-\$500,000	*	*	*	*	*	*	*	*	*	*
<b>\$500,000-\$1,000,000</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
\$1,000,000 and over	*	*	*	*	*	*	*	*	*	*
<b>Total</b>	<b>7,890</b>		<b>\$14,273</b>	<b>\$97</b>	<b>15.2%</b>	<b>33.2%</b>	<b>51.3%</b>	<b>0.4%</b>	<b>1.2%</b>	<b>71.7%</b>

\*An asterisked line indicates that the information cannot be released due to confidentiality laws.

**NEW RETURNS FILED IN 2003 FOR TAX YEAR 2002**

<b>Total</b>	<b>220,129</b>	<b>\$20,256</b>	<b>\$329</b>	<b>20.2%</b>	<b>57.0%</b>	<b>20.6%</b>	<b>2.2%</b>	<b>7.6%</b>	<b>34.7%</b>
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"NEW" Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

**TABLE 2**  
**Urban Revenue Sharing Returned to Cities/Towns**  
**January 2004**

<b>City</b>	<b>Distribution</b>	<b>Population</b>	<b>City</b>	<b>Distribution</b>	<b>Population</b>
<b><u>Apache County</u></b>			Scottsdale	\$1,522,767	202,705
Eagar	\$30,297	4,033	Surprise	231,737	30,848
Springerville	14,814	1,972	Tempe	1,191,628	158,625
St. Johns	26,653	3,548	Tolleson	37,366	4,974
<b><u>Cochise County</u></b>			Wickenburg	38,177	5,082
Benson	35,390	4,711	Youngtown	22,612	3,010
Bisbee	45,750	6,090	<b><u>Mohave County</u></b>		
Douglas	124,125	16,523	Bullhead City	253,681	33,769
Huachuca City	13,154	1,751	Colorado City	25,046	3,334
Sierra Vista	283,775	37,775	Kingman	150,763	20,069
Tombstone	11,298	1,504	Lake Havasu City	315,048	41,938
Willcox	28,043	3,733	<b><u>Navajo County</u></b>		
<b><u>Coconino County</u></b>			Holbrook	36,938	4,917
Flagstaff	397,352	52,894	Pinetop-Lakeside	26,909	3,582
Fredonia	7,783	1,036	Show Low	57,807	7,695
Page	51,151	6,809	Snowflake	33,505	4,460
Williams	21,350	2,842	Taylor	23,859	3,176
<b><u>Gila County</u></b>			Winslow	71,516	9,520
Globe	56,237	7,486	<b><u>Pima County</u></b>		
Hayden	6,701	892	Marana	101,836	13,556
Miami	14,544	1,936	Oro Valley	239,896	31,934
Payson	102,317	13,620	Sahuarita	24,355	3,242
Winkelman	3,328	443	South Tucson	41,242	5,490
<b><u>Graham County</u></b>			Tucson	3,656,197	486,699
Pima	14,942	1,989	<b><u>Pinel County</u></b>		
Safford	69,353	9,232	Apache Junction	238,994	31,814
Thatcher	30,214	4,022	Casa Grande	189,489	25,224
<b><u>Greenlee County</u></b>			Coolidge	58,490	7,786
Clifton	19,502	2,596	Eloy	77,939	10,375
Duncan	6,100	812	Florence	114,494	15,241
<b><u>La Paz County</u></b>			Kearny	16,895	2,249
Parker	23,588	3,140	Mammoth	13,237	1,762
Quartzsite	25,196	3,354	Superior	24,445	3,254
<b><u>Maricopa County</u></b>			<b><u>Santa Cruz County</u></b>		
Avondale	269,561	35,883	Nogales	156,840	20,878
Buckeye	63,831	8,497	Patagonia	6,618	881
Carefree	21,988	2,927	<b><u>Yavapai County</u></b>		
Cave Creek	28,006	3,728	Camp Verde	70,998	9,451
Chandler	1,326,518	176,581	Chino Valley	61,352	8,167
El Mirage	38,110	7,609	Clarkdale	25,707	3,422
Fountain Hills	152,010	20,235	Cottonwood	68,955	9,179
Gila Bend	14,874	1,980	Jerome	2,472	329
Gilbert	824,069	109,697	Prescott	254,950	33,938
Glendale	1,643,767	218,812	Prescott Valley	176,800	23,535
Goodyear	142,064	18,911	Sedona	76,565	10,192
Guadalupe	39,274	5,228	<b><u>Yuma County</u></b>		
Litchfield Park	28,622	3,810	San Luis	115,102	15,322
Mesa	2,988,186	397,776	Somerton	54,584	7,266
Paradise Valley	102,647	13,664	Wellton	13,740	1,829
Peoria	814,056	108,364	Yuma	583,588	77,685
Phoenix	9,923,998	1,321,045			
Queen Creek	32,423	4,316	<b>TOTAL</b>	<b>\$30,422,097</b>	<b>4,052,210</b>

**TABLE 3**  
**Transaction Privilege and Severance Tax Returned to Cities/Towns**  
**January 2004**

<b>City</b>	<b>Distribution</b>	<b>Population</b>	<b>City</b>	<b>Distribution</b>	<b>Population</b>
<b><u>Apache County</u></b>			Scottsdale	\$1,678,962	202,705
Eagar	\$33,404	4,033	Surprise	255,507	30,848
Springerville	16,334	1,972	Tempe	1,313,857	158,625
St. Johns	29,387	3,548	Tolleson	41,199	4,974
<b><u>Cochise County</u></b>			Wickenburg	42,093	5,082
Benson	39,020	4,711	Youngtown	24,931	3,010
Bisbee	50,442	6,090	<b><u>Mohave County</u></b>		
Douglas	136,856	16,523	Bullhead City	279,701	33,769
Huachuca City	14,503	1,751	Colorado City	27,615	3,334
Sierra Vista	312,882	37,775	Kingman	166,227	20,069
Tombstone	12,457	1,504	Lake Havasu City	347,363	41,938
Willcox	30,920	3,733	<b><u>Navajo County</u></b>		
<b><u>Coconino County</u></b>			Holbrook	40,726	4,917
Flagstaff	438,110	52,894	Pinetop/Lakeside	29,669	3,582
Fredonia	8,581	1,036	Show Low	63,736	7,695
Page	56,398	6,809	Snowflake	36,941	4,460
Williams	23,540	2,842	Taylor	26,306	3,176
<b><u>Gila County</u></b>			Winslow	78,852	9,520
Globe	62,005	7,486	<b><u>Pima County</u></b>		
Hayden	7,388	892	Marana	112,281	13,556
Miami	16,035	1,936	Oro Valley	264,503	31,934
Payson	112,812	13,620	Sahuarita	26,853	3,242
Winkelman	3,669	443	South Tucson	45,472	5,490
<b><u>Graham County</u></b>			Tucson	4,031,224	486,699
Pima	16,474	1,989	<b><u>Pinal County</u></b>		
Safford	76,467	9,232	Apache Junction	263,509	31,814
Thatcher	33,313	4,022	Casa Grande	208,925	25,224
<b><u>Greenlee County</u></b>			Coolidge	64,490	7,786
Clifton	21,502	2,596	Eloy	85,934	10,375
Duncan	6,726	812	Florence	126,238	15,241
<b><u>La Paz County</u></b>			Kearny	18,628	2,249
Parker	26,008	3,140	Mammoth	14,594	1,762
Quartzsite	27,780	3,354	Superior	26,952	3,254
<b><u>Maricopa County</u></b>			<b><u>Santa Cruz County</u></b>		
Avondale	297,211	35,883	Nogales	172,928	20,878
Buckeye	70,379	8,497	Patagonia	7,297	881
Carefree	24,244	2,927	<b><u>Yavapai County</u></b>		
Cave Creek	30,878	3,728	Camp Verde	78,281	9,451
Chandler	1,462,583	176,581	Chino Valley	67,646	8,167
El Mirage	63,024	7,609	Clarkdale	28,344	3,422
Fountain Hills	167,602	20,235	Cottonwood	76,028	9,179
Gila Bend	16,400	1,980	Jerome	2,725	329
Gilbert	908,597	109,697	Prescott	281,101	33,938
Glendale	1,812,373	218,812	Prescott Valley	194,935	23,535
Goodyear	156,636	18,911	Sedona	84,418	10,192
Guadalupe	43,302	5,228	<b><u>Yuma County</u></b>		
Litchfield Park	31,557	3,810	San Luis	126,909	15,322
Mesa	3,294,694	397,776	Somerton	60,183	7,266
Paradise Valley	113,176	13,664	Wellton	15,149	1,829
Peoria	897,556	108,364	Yuma	643,448	77,685
Phoenix	10,941,933	1,321,045	<b>TOTAL</b>	<b>\$33,563,589</b>	<b>4,052,210</b>
Queen Creek	35,749	4,316			

***The Office of Economic Research & Analysis  
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